



Congressman Dave Reichert
Washington's 8th Congressional District

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FEMA TAX LEGISLATION BECOMES LAW

Bush signs Reichert co-sponsored bill

WASHINGTON, DC— U.S. Rep. Dave Reichert today praised President Bush's signing of H.R. 1134. The legislation, co-sponsored by Reichert, prevents the Federal Emergency Management Agency's (FEMA) hazard mitigation grants, used to help natural disaster victims reconstruct homes, from being unfairly taxed.

"This bill is common sense," said Reichert. "Thousands of Americans reach out to FEMA in times of disaster. Washington state has suffered from numerous floods in the last few years and has potential for earthquakes in the future. It is through FEMA grant funding that Americans are able to rebuild in financial situations where they normally would have no other means."

In 2004, the IRS defined FEMA grants as taxable income for the first time. H.R. 1134 reverses the IRS decision and returns mitigation grants to tax-exempt status.

"Emergency grants are just that- emergency funding. This money is to be spent in extreme circumstances; to get a roof back over families' heads or to raise homes on stilts to protect them from flooding. These grants, which come from tax payer dollars in the first place, were never intended to be taxed."

In the last 15 years, FEMA disaster mitigation grants resulted in saving an estimated \$2.9 billion. By contrast, the Joint Committee on Taxation estimates H.R. 1134 would cost only \$105 million over ten years.

The legislation, introduced by Rep. Mark Foley (FL-16) received broad bipartisan support with approval by voice vote in both chambers.

"This comes just in time as natural disaster victims file their taxes," said Foley. "Victims of floods, hurricanes, earthquakes and other disasters won't be burdened with the government taking unneeded taxes."

Hazard Mitigation Grants are widely used by states, cities and towns in conjunction with homeowners to help prevent future damage to property and lives from natural disasters. For the most part, they affect low-income people who cannot afford on their own to relocate or mitigate their own properties without help and who would be the most directly hurt by taxation of these grants.

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